

Financial Management

RELATIONS WITH THE GENERAL ACCOUNTING OFFICE AND THE OFFICE OF THE ASSISTANT INSPECTOR GENERAL FOR AUDITING

This instruction prescribes the policies and procedures necessary to manage relations with the General Accounting Office (GAO) and the Office of the Assistant Inspector General for Auditing (OAIG-AUD), hereinafter referred to as the Department of Defense Inspector General (DOD IG), within the United States Transportation Command (USTRANSCOM). It implements Department of Defense (DOD) Directives 5106.1, 7600.2, 7650.1, 7650.2, 7650.3, and 7650.4. It is applicable to all USTRANSCOM directorates and direct reporting elements (DREs).

Summary of Revisions: Overall generally updates the text and DOD guidance references. Deletes the requirement for each directorate/DRE to assign a single audit focal point who was responsible for all audit matters within their respective staff agency. Note: Since this directive has been revised in its entirety, asterisks will not be used to identify revised material.

1. References, Abbreviations, Acronyms, and Terms. References, related publications, abbreviations, acronyms, and terms used in this instruction are listed in Attachment 1.

2. General. It is the responsibility of the GAO and the DOD IG to: Conduct independent evaluations of DOD programs and operations; determine whether management control systems are adequate; information is reliable; applicable laws, regulations, and policies are followed; resources are safeguarded and managed economically and efficiently; and desired program results are achieved. Audit follow-up is also an integral part of the audit program and is a shared responsibility of management officials and auditors. Each DOD component is required, by Office of Management and Budget (OMB) Circular A-50, to establish a follow-up system to ensure the prompt and proper resolution and implementation of audit recommendations.

2.1. The GAO is an independent, nonpolitical agency created by Congress to provide special assistance to requests of congressional committees, subcommittees, and members of Congress. Other GAO audit functions are based on existing statutes and self-initiated audits.

2.2. The DOD IG performs internal audits relating to the programs and operations of the Office of the Secretary of Defense (OSD), the Organization of the Joint Chiefs of Staff (JCS), the unified and specified commands, and defense agencies. The DOD IG also monitors, coordinates, and evaluates follow-up systems within the DOD; evaluates corrective actions taken by DOD components on GAO and DOD IG reports; and facilitates the resolution of disagreements arising from DOD IG reports.

3. Policies:

3.1. The USTRANSCOM Budget Division (TCJ8-B) is the central staff agency within USTRANSCOM to administer, monitor, and control all audit matters within the Command.

3.2. Each USTRANSCOM Director and Direct Reporting Element (DRE) Chief will assign a primary action officer for processing and coordinating on audit matters when an announced audit is pertinent to their respective functional staff agency. Provide in writing, the name, office symbol, and phone number of the action officer for a particular audit project to TCJ8-B.

3.3. All USTRANSCOM personnel must cooperate with the GAO/DOD IG representatives in conducting their announced audit assignments.

3.4. All staff OPRs have management responsibilities over particular functions or activities. As the resident expert, OPRs must be involved in the development of audit matters. When a staff agency believes another staff agency should be the OPR, the first-appointed OPR should contact TCJ8-B for approval and forward the report to the correct OPR and provide an information copy of the transmittal memorandum to TCJ8-B. If disagreements in the assignment of an OPR arise, TCJ8-B may require written positions from the potential OPRs and staff the disagreement as necessary.

3.5. If anyone within USTRANSCOM is contacted directly by the GAO or DOD IG about audit visits or requests for information, the individual contacted by the audit agency should contact TCJ8-B as soon as possible.

4. Responsibilities:

4.1. TCJ8 will:

4.1.1. Inform the Command Section and staff of all audit matters.

4.1.2. Maintain the USTRANSCOM central file for audit reports and related correspondence.

4.1.3. Designate the USTRANSCOM OPRs/OCRs for audit visits to the command.

4.1.4. Monitor all audit visits within USTRANSCOM and provide the staff OPR/OCR necessary assistance throughout the visit.

4.1.5. Verify security clearances and arrange for security badges for visiting auditors.

4.1.6. Escort visiting auditors to scheduled entrance briefings. When necessary, TCJ8 will assist the staff OPR in escorting the auditors to other scheduled meetings.

4.1.7. Act as the focal point between members of the USTRANSCOM staff and the GAO/DOD IG when audit report matters require clarification or interpretation.

4.1.8. Review and process all audit reports and correspondence.

4.1.8.1. Determine appropriate OPRs and OCRs and forward correspondence for appropriate management action.

4.1.8.2. Maintain a suspense system for correspondence requiring a response.

4.2. The USTRANSCOM functional staff directorate/DRE will:

4.2.1. Review all audit correspondence received from TCJ8 and determine appropriate action offices.

4.2.2. Establish a suspense system to ensure correspondence requiring a response to TCJ8 or higher echelon is met by the assigned suspense date.

4.2.3. Ensure preparation of a consolidated staff reply if audit correspondence is sent to more than one action office within a directorate/DRE.

4.2.4. Provide assistance and guidance to action offices regarding all audit matters.

4.3. The staff OPR will:

4.3.1. Serve as the primary point of contact (POC) for GAO/DOD IG personnel on a specific job assignment.

4.3.2. For audit visits to USTRANSCOM, arrange all necessary meetings; i.e., entrance and exit briefings, meetings with applicable OCRs. Notify TCJ8-B and appropriate OCRs of the time and location of the entrance and exit briefings.

4.3.3. Ensure all individuals working with or providing information are knowledgeable of the provisions of this instruction.

4.3.4. Maintain a copy of all data provided to the GAO. If the material is too voluminous, provide a description of the material and where it is maintained.

4.3.5. Provide the auditors adequate working space for the duration of the visit.

4.3.6. Prepare and forward a visit report (exempt IAW AFI 37-124, para 2.11.8) to TCJ8-B NLT 15 workdays following a GAO or DOD IG exit briefing. This report should include:

4.3.6.1. Names of GAO or DOD IG personnel conducting the survey or review and the names of the USTRANSCOM personnel contacted.

4.3.6.2. GAO/DOD IG work assignment code and inclusive dates of the visit.

4.3.6.3. Place and purpose of visit.

4.3.6.4. Summary of discussions held, briefings presented, deficiencies identified, and documents provided to the auditors.

4.3.6.5. Results of or conclusions drawn from the visits, including corrective actions taken or recommended.

4.3.6.6. Other significant information, such as unusual requests made by the auditors or problems encountered in complying with their requests.

5. Audit Announcement Procedures. The GAO and DOD IG notify the DOD of their intent to conduct a survey or review by issuing a letter or memorandum to the Secretary of Defense. This notice identifies general audit objectives, when the audit will begin, the names of the program director and project manager, sites to be visited, and if the survey or review was congressionally requested. Upon receipt of a survey or review letter, TCJ8 will determine appropriate USTRANSCOM OPRs/OCRs and forward for information or possible action.

6. Access to Information. Generally, a properly cleared GAO or DOD IG auditor shall have full and unrestricted access to all personnel, facilities, records, reports, etc., required to accomplish an announced audit assignment. DOD Directive 7650.1 sets forth the DOD policy relating to GAO access to records. DOD Directive 5106.1 applies to DOD IG access to records.

6.1. It is DOD policy to honor both oral and written information requests from the GAO/DOD IG provided that such information is releasable under the applicable statutes, directives, and policies.

6.2. Access to operations plans (OPLANs) and any supporting documentation is extremely sensitive and requires special treatment. Release of information should be on a need-to-know basis and carefully limited to those documents or portions of documents directly related to the audit. CJCS Instruction 5714.01 provides specific guidance concerning the types of OPLAN data that can be released by the holders without JCS approval.

6.3. If the auditors request pre-award, procurement-sensitive information, advise the GAO that it is general DOD policy that such information not be released until after a contract award is made.

6.4. Requests concerning the Future Years Defense Plan, program change requests, program change decisions, program budget decisions, and technical development plans should be referred to TCJ8 as this information must be staffed through TCJ8 and the appropriate OSD action officer.

6.5. If questions arise concerning access to or the releasability of an OPLAN or any other information, the staff OPR should contact TCJ8-B for guidance and assistance. Under no circumstances should anyone within USTRANSCOM inform the auditor that their request has been denied.

7. Processing Draft/Final Reports:

7.1. Comments to Draft Reports. Following completion of a DOD-related audit, the GAO/DOD IG will, in most cases, issue a draft report of audit to the DOD. Time frames for responses to GAO reports are set forth in DOD Directive 7650.2 (normally 30 calendar days from date of the draft report). DOD Directive 7650.3 states the time frames for processing DOD IG reports; i.e., 60 calendar days from date of the draft report.

7.1.1. Upon receipt of a draft report requiring a USTRANSCOM response, TCJ8 will forward the report to the applicable staff OPR for action. Preparation of a fully coordinated command response should begin immediately in order to meet suspense dates. The staff OPR is responsible for determining what level of management should sign the USTRANSCOM response; i.e., Command Section, Director, or DRE Chief. The staff OPR must also ensure the reply is coordinated with TCJ8-B and appropriate OCRs prior to dispatch. The USTRANSCOM response must:

7.1.1.1. Be based on a thorough, objective evaluation of each finding, recommendation, and potential monetary benefit.

7.1.1.2. Show concurrence or nonconcurrence with the report's findings, recommendations, and potential monetary benefit.

7.1.1.3. Describe action taken or planned to accomplish each recommendation, the entity or entities responsible for its implementation, the milestone and completion dates, and how compliance will be monitored.

7.1.1.4. If nonconcurring with a finding, recommendation, or the potential monetary benefit, fully discuss in the response the reason for the nonconcurrence. If the nonconcurrence applies to a recommendation, an alternative corrective action should be proposed to solve the problem or deficiency identified in the finding.

7.2. Resolution Procedures. When nonconcurrences cannot be resolved by the USTRANSCOM OPR and the DOD IG, the DOD IG will elevate the issue within USTRANSCOM to a higher level. If the proposed written response still presents a problem and informal resolution efforts have failed, the DOD IG will submit the matter to the Secretary of Defense for a decision.

7.2.1. When agreement is reached, a resolution document is prepared which contains the terms of the agreement. Terms of the agreement must be carried out after a resolution document is signed.

7.2.2. Actions resulting from the nonconcurrence are tracked by the DOD IG Audit Follow-up Office and are subject to follow-up audit.

7.3. Comments to the final report. Responses to the final audit reports are required if:

7.3.1. USTRANSCOM did not reply to the draft report.

7.3.2. A draft report was not issued.

7.3.3. USTRANSCOM nonconcurred with a finding or recommendation.

7.3.4. The final report contains new or changed recommendations. If a response to the final report is needed, use guidelines in paragraph 7.1.1 through 7.1.1.4.

8. Follow-up on GAO and DOD IG Reports. Audit follow-up systems shall be established within each staff office to include audit follow-up focal points at appropriate management levels responsible for monitoring and reporting corrective actions begun and completed. Focal points shall:

8.1. Take timely, effective, corrective action on agreed upon findings and recommendations that are applicable to their programs and activities.

8.2. Maintain accurate follow-up status records (to include notification that corrective actions have been taken and responses to requests for status reports from higher authority and/or DOD IG).

MICHAEL T. RADER
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Attachment:
References, Abbreviations, Acronyms, and Terms

GLOSSARY OF REFERENCES, ABBREVIATIONS, ACRONYMS, AND TERMS

Section A--References

Department of Defense (DOD) Directive 5106.1, Inspector General of the Department of Defense

DOD Instruction 7050.3, Access to Records and Information by the Inspector General, Department of Defense

DOD Directive 7600.2, Audit Policies

DOD Directive 7650.1, General Accounting Office (GAO) and Comptroller General Access to Records

DOD Directive 7650.2, General Accounting Office (GAO) Audits and Reports

DOD Directive 7650.3, Followup on General Accounting Office, DOD Inspector General, Internal Audit, and Internal Review Reports

DOD Directive 7650.4, Procedures for Responding to General Accounting Office (GAO) and Comptroller General Requests for Access to Records

Chairman of the Joint Chiefs of Staff Instruction (CJCSI) 5714.01, Release Procedures for Joint Staff and Joint Papers and Information

OMB Circular A-50, Audit Follow-up

Section B--Abbreviations and Acronyms

CJCS - Chairman Joint Chiefs of Staff

DOD - Department of Defense

DOD IG - Department of Defense Inspector General

DREs - Direct Reporting Elements

GAO - General Accounting Office

JCS - Joint Chiefs of Staff

OAIG-AUD - Office of the Assistant Inspector General for Auditing

OCR - Office of Collateral Responsibility

OMB - Office of Management and Budget

OPLAN - Operations Plan

OPR - Office of Primary Responsibility

OSD - Office of the Secretary of Defense

POC - Point of Contact

USTRANCOM - United States Transportation Command

Section C – Terms

Not used.